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DESOTO COUNTY, MS
W.E. DAVIS, CH CLERK

This instrument prepared by:
Michael J. Byrne, Esq.
Byrne, Costello & Pickard, P.C.
Tower I, Suite 800
100 Madison Street
Syracuse, NY 13202
315-474-6448

Indexing Instructions:
SW 1/4 Section 27, T1S, R8W
Horn Lake, DeSoto County, Mississippi

USE AGREEMENT

AUSTIN RUN
DeSOTO COUNTY, MISSISSIPPI

FHA NO. 065-11037-NP

After recording, please return to:
U.S. Department of Housing and Urban Development
McCoy Federal Building
100 West Capitol Street
Jackson, Mississippi 39269

Bill Garrett
Landmark Abstract

Sponsor: United Church Residences of Horn Lake, Mississippi, Inc.
 Project: Austin Run
 Location: Horn Lake, Mississippi
 HUD Project No.: 065-10037-NP
 Original HUD Project No.: 065-EH186-L8
 Section 8 Project No.: MS26-T881-015

USE AGREEMENT

For Section 202 and 202/8 Projects That Require
 HUD's Approval to Prepay Their Direct Loan.

THIS USE AGREEMENT (herein called this "Agreement") made and entered into effective as of the 30th day of October, 2007, by and between United Church Residences of Horn Lake, Mississippi, Inc., a not-for-profit corporation organized and existing under the laws of the State of Mississippi and having its principal place of business at 1 Jackson Place, Jackson, Mississippi 39205 (herein called "Owner"), and the Secretary of Housing and Urban Development, acting by and through the Assistant Secretary for Housing-Federal Housing Commissioner having a place of business at 451 Seventh Street, S.W., Washington, DC 20410, and McCoy Federal Building, Room 910, 100 West Capitol Street, Jackson, Mississippi 39269 (herein called "HUD"),

WITNESSETH:

WHEREAS, the Owner is the holder in fee of a certain supportive housing project for the elderly located at 7100 Mallard Creek Drive, Horn Lake, Mississippi and identified as Austin Run (hereinafter referred to as the "Project"), which Project was originally developed under Section 202 of the Housing Act of 1959 (as in effect before the enactment of Public Law 101-625, the Cranston-Gonzalez National Affordable Housing Act) with the assistance of a certain direct loan from HUD (herein called the "Section 202 Direct Loan");

WHEREAS, HUD is directed, pursuant to Section 811 of the American Homeownership and Economic Opportunity Act (AHEO Act), to permit owners to prepay Section 202 direct loans; and

WHEREAS, in consideration of the promise to permit the prepayment of the direct loan, and as required by Section 811(a)(1) of AHEO Act, the Owner agrees to implement this Use Agreement.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the parties hereto agree as follows:

1. The Owner, for itself, its successors and assigns, covenants with HUD that the Owner will continue to operate the Project on terms at least as advantageous to existing and future tenants as

the terms required by the original Section 202 loan agreement or any Section 8 rental assistance payments contract or any other rental housing assistance contract and all applicable Federal regulations for not less than the remaining term of the original Section 202 Direct Loan;

2. Where applicable:

(a) Subject to the availability of appropriations and so long as the Owner is in compliance with all HUD requirements, including but not limited to this Agreement, HUD shall provide the Owner and the Owner shall accept renewals of any Section 8 Housing Assistance Payments Contract that is in effect with respect to the Project (herein called the "Section 8 HAP Contract") in accordance with the terms as presented by HUD for renewals of Section 8 contracts at that time.

(b) The Owner, for itself, its successors and assigns, covenants with HUD that the Owner will continue to operate the Project in accordance with the requirements of any Rent Supplement Assistance Contract that is in effect between HUD and the Project (herein called the "Rent Supplement Contract") and all applicable Federal regulations and applicable HUD requirements for not less than the remaining term of the original Section 202 Direct Loan unless otherwise approved by HUD.

3. In the event of a breach or a threatened breach of any of the above covenants and agreements by the Owner, HUD and/or any tenant as a third-party beneficiary shall be entitled to institute legal action to enforce performance and observance of such covenants and agreements and to enjoin any acts which are violative of such covenants and agreements.

4. The Owner shall not (a) impede the reasonable efforts of tenants to organize as detailed in 24 CFR Part 245, or (b) unreasonably withhold the use of any community room or other available space appropriate for meetings which is part of the mortgaged property when requested by: (I) a resident tenant organization in connection with the representational purposes of the organization; or (ii) tenants seeking to organize or to consider collectively any matter pertaining to the operation of the Project.

5. The Owner, for itself, its successors and assigns, hereby agrees and acknowledges that this Agreement shall be recorded in the appropriate land records and that HUD and any successors and assigns and/or any third-party beneficiary may file suit against the Owner or any of its successors or assigns for an order of the court demanding specific performance of any of these covenants and agreements, enjoining any acts which are violative of such covenants and agreements, for an award of whatever damages can be proven and/or for such other relief as may be appropriate.

6. The Owner agrees to maintain the Project solely as rental housing for very-low income elderly or disabled persons (or low-income elderly or disabled persons as approved by HUD or moderate income elderly or disabled persons in the case of non-subsidized Section 202 projects) for the life of this Agreement.

7. The Project will continue to operate until the maturity date of the original Section 202 Direct Loan in a manner that will provide rental housing for the elderly and persons with disabilities on terms at least as advantageous to existing and future tenants as the terms required by the original Section 202 Direct Loan.

8. The Owner will accept all forms of Section 8 tenant based assistance for all units that do not have project-based assistance for the life of this Agreement

9. Ownership of the Project will be controlled by a nonprofit mortgagor entity or a limited partnership entity of which the general partner is an entity controlled by a legitimate nonprofit affordable housing provider.

10. The Owner will comply with the provisions of any Federal, State or local law prohibiting discrimination in housing on the grounds of race, color, religion or creed, sex, handicap, familial status or national origin, including the Fair Housing Act of 1968, as amended

11. Admission to the Project shall be limited to tenants having an extremely low-income, very-low-income, low-income or moderate-income which does not exceed the limits established by HUD and in effect at the time of admission.

12. The Owner will obtain from each prospective tenant, for occupancy in a Section 8 or Rent Supplement assisted unit, a certification of income prior to admission to the Project, and a recertification of income from each tenant each year following the date of admission. The Owner shall comply with all requirements of the Section 8 HAP Contract or the Rent Supplement Contract.

13. If any recertification discloses that family income, for a family living in Section 8 or Rent Supplement unit, exceeds the limits established by HUD and in effect at the time of recertification, the Owner shall require the tenant to pay an increased rental in an amount computed in accordance with a formula prescribed by HUD, and if the tenant refuses to pay the increased rent the Owner shall require the tenant to pay the unsubsidized rent for the unit

14. The rent charged for each unit shall not exceed the upper limit of the range shown for such type of unit on a rental schedule approved in writing by HUD, and shall include the reasonable use of all utilities shown on said schedule, but in no event shall the total gross monthly rents for all dwelling units exceed the gross monthly dwelling income for all units approved by HUD on the rental schedule.

15. No increase will be made in the amount of the gross monthly dwelling income for all units as shown on the rental schedule unless such increase is approved by HUD, who will at any time entertain a written request for an increase properly supported by substantiating evidence and within a reasonable time shall:

(a) Approve a rental schedule that is necessary to compensate for any net increase, occurring since the last approved rental schedule, in taxes (other than income taxes) and operating and maintenance expenses over which the Owner has no effective control, or

(b) Deny the increase stating the reasons thereof.

16. The Owner shall maintain the Project and all premises, accommodations, grounds and equipment appurtenant thereto, in good repair and condition.

17. The books and accounts of the operations of the property and of the Project shall be kept in accordance with the requirements of HUD

18. Within ninety (90) days following the end of each fiscal year, the Owner shall provide a complete annual financial report based upon an examination of the books and records of the Project prepared in accordance with the requirements of HUD and certified by a Certified Public Accountant, or other person acceptable to the Commissioner.

19. The Owner further covenants and agrees that if the Owner conveys title to the Project prior to the aforesaid maturity date, the Owner will require the HUD approved purchaser to assume the obligations of the Owner under this Agreement.

20. The Owner shall provide to HUD (or to such third party as HUD may, in its sole discretion, determine to have the monitoring function under this Agreement), promptly following receipt of a written request from HUD (or from such third party), copies of all Tenant certifications of income, re-certifications, calculations of permitted income ranges regarding the Project, and such other documents as may be reasonably required to evaluate the Owner's compliance with the terms of this Agreement. In addition, the Owner shall permit representatives of HUD (or any third party given the monitoring responsibility) following notice from the HUD (or from the third party), to examine the originals of all such documents, at the Project's office during regular business hours.

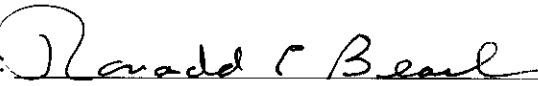
21. The Owner must certify annually by January 30 of each year (insert date within 30 calendar days of the anniversary date of this Agreement), to the local HUD field office, or such other location as determined by HUD, that it is operating the Project in compliance with this Agreement and, more specifically, that all of the individual units, as well as the physical structure of the Project as a whole, for example grounds and equipment, comply with all applicable codes and requirement of this Agreement or that a remedial program to correct any existing deficiencies has been implemented.

22. Should any of the above covenants be held invalid in whole or in part, it shall not affect or invalidate the balance of such covenant or any other covenants.

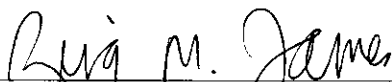

23. The Project and the real property covered by this Agreement are more particularly described in Schedule "A" attached hereto.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of the day, month and year acknowledged below, to be effective as of the day, month, and year first hereinabove written.

**UNITED CHURCH RESIDENCES OF HORN LAKE,
MISSISSIPPI, INC.**

By: 
Ronald E. Beach,
Secretary/Treasurer

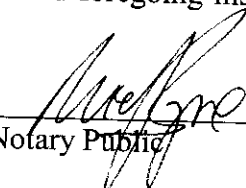
**SECRETARY OF HOUSING AND URBAN DEVELOPMENT
DEVELOPMENT, ACTING BY AND THROUGH THE
FEDERAL HOUSING COMMISSIONER**

By: 
Authorized Agent
 Paula B. Carruth
Director
Jackson Multifamily Program Center

STATE OF NEW YORK)
COUNTY OF ONONDAGA)

Personally appeared before me, the undersigned authority in and for the said county and state, on this 22nd day of October, 2007, within my jurisdiction, the within named **Ronald E. Beach**, who acknowledged that he is the Secretary/Treasurer of **United Church Residences of Horn Lake, Mississippi, Inc.**, a Mississippi Not-for-Profit corporation, and that for and on behalf of the said corporation, and as its act and deed he executed the above and foregoing instrument, after first having been duly authorized by said corporation to do so.

My Commission Expires: March 30, 2009


Notary Public

MICHAEL J. BYRNE
Notary Public in the State of New York
Qualified in Onon. Co. No. 01BY4607164
My Commission Expires March 30, 2009

STATE OF Mississippi) SS:
COUNTY OF Hinds)

Before me, the undersigned, a Notary Public in and for said County and State, on this 25 day of October, 2007, to be effective as of the date above, personally appeared Ziva M. James, who, being by me duly sworn, did depose and say that he is the duly appointed Authorized Agent and the person who executed the foregoing instrument by virtue of the authority vested in him by 42 U.S.C. 3535(d) and acknowledged the same to be his free and voluntary act and deed as Authorized Agent for and on behalf of the Secretary of Housing and Urban Development.

KENDRA WASHINGTON
Mississippi Statewide Notary Public
My Commission Expires March 17, 2009

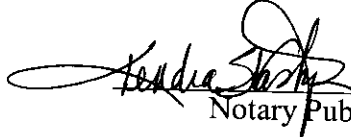

Notary Public



EXHIBIT A

Beginning at the Southwest Corner of Section 27, Township 1 South, Range 8 West, City of Horn Lake, Desoto County, Mississippi, thence North 89 degrees 46 minutes 11 seconds East along the southerly line of said Section and the centerline of Goodman Road 1,011.68 feet to a point at the intersection of Goodman Road and Mallard Creek Drive; thence North 00 degrees 13 minutes 49 seconds West 255.00 feet along the centerline of Mallard Creek Drive to a point; thence North 89 degrees 46 minutes 11 seconds East 25.00 feet to a point on the east right of way of said drive, said point being the Point Of Beginning for the herein described tract; thence continue North 89 degrees 46 minutes 11 seconds East 150.65 feet; thence North 00 degrees 13 minutes 49 seconds West 115.00 feet; thence North 43 degrees 46 minutes 11 seconds East 129.42 feet; thence North 20 degrees 19 minutes 01 seconds East 168.15 feet; thence North 27 degrees 54 minutes 59 seconds East 265.89 feet to the South Line of Mallard Creek Subdivision; thence along the South Line of Mallard Creek Subdivision South 89 degrees 46 minutes 11 seconds West 425.00 feet to a point on the East right of way line of Mallard Creek Drive; thence South 00 degrees 13 minutes 49 seconds East 600.00 feet to the Point Of Beginning, containing 3.74 acres, more or less.